

Joel L. Incorvaia (Pro Hac Vice)
G. Ehrich Lenz (Pro Hac Vice)
INCORVAIA & ASSOCIATES
1947 Camino Vida Roble, Suite 230
Carlsbad, CA 92008
(858) 259-2220
FAX (858) 259-3131
Joel@Incorlaw.com
Ehrich@Incorlaw.com

Attorneys for GUILD MORTGAGE COMPANY

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re LEHMAN BROTHERS HOLDINGS, INC., et al., Debtors.	Chapter 11 Case No. 08-13555 (SCC)
LEHMAN BROTHERS HOLDINGS, INC., Plaintiff, - against - GUILD MORTGAGE COMPANY, Defendant,	Adv. Pro. No. 17-01001-SCC

**DECLARATION OF TERRY SCHMIDT IN SUPPORT OF GUILD MORTGAGE
COMPANY'S INDIVIDUAL MOTION TO TRANSFER VENUE**

I, Terry Schmidt, declare as follows:

1. I am over eighteen years of age and am the Executive Vice-President and Chief Financial Officer of Defendant GUILD MORTGAGE COMPANY ("Guild"). I have been employed by Guild since approximately 1985. I have personal knowledge of the following facts and if called as a witness would competently testify thereto.

2. Guild is a California corporation with its principal place of business in San Diego, California. In or about March 2008, Guild acquired certain assets of Liberty Financial Group, Inc., a Washington corporation ("Liberty"). I am familiar with the loans that are the subject of this action. Attached hereto as Exhibit "A" for the court's convenience is a true and correct copy of Lehman Brothers Holdings, Inc.'s ("LBHI") Second Amended Adversarial Complaint (Case No. 17-01001 (SCC)) (the "Complaint") against Guild. Prior to filing its Complaint, LBHI made a demand to Guild for indemnification that included five mortgage loans originated by either Guild or Liberty that are the subject of the claims made in the Complaint. Guild executives located in San Diego, California made the decision to reject LBHI's demand.

3. Attached hereto as Exhibit "B" is a true and correct copy of the "Broker Agreement" between Guild and Lehman Brothers Bank, FSB ("LBB") dated December 8, 2004 referenced in the Complaint.

4. Attached hereto as Exhibit "C" is a true and correct copy of the "Loan Purchase Agreement" between Liberty and LBB referenced in the Complaint. Attached hereto as Exhibit "D" is a true and correct copy of portions of LBB's Sellers Guide referenced in the Complaint.

5. The Complaint, in part, seeks indemnification from Guild for two mortgage loans that Guild brokered to LBB under the Broker Agreement (the "Guild Loans"). One of these loans was for borrower Joshua Jones. The Jones loan was originated by loan officer Travis Schmidt. Attached hereto as Exhibit "E" is a true and correct printout from the National Mortgage Licensing Service

("NMLS") showing that Mr. Schmidt is currently employed as a loan officer by Movement Mortgage, LLC and is located in Scottsdale, Arizona. The NMLS is a national loan officer registration data base mandated by the SAFE Act. Loan officers are required by law to obtain an "NMLS license" and to register with the NMLS data base. The loan application for the Jones loan shows that Mr. Jones was a resident of San Diego, California. The Complaint (Exhibits "B" and "C") alleges that the Jones loan contained misrepresentations regarding the borrower's income and employment.

6. The other Guild Loan was originated by loan officer Cheyne Jones for borrower Juanita Sanchez. Attached hereto as Exhibit "F" is a true and correct printout from the NMLS data base showing that Mr. Jones is currently employed as a loan officer by Movement Mortgage, LLC and is located in Glendale, Arizona. The loan application for the Sanchez loan shows that the borrower was a resident of Arizona. The Complaint alleges that the Sanchez loan contained misrepresentations regarding the borrower's income and employment. The Guild Loans were all processed out of Guild's corporate office in San Diego, California.

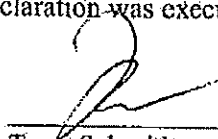
7. The Complaint also includes claims regarding three mortgage loans that were originated and funded by Liberty and then sold to LBB (the "Liberty Loans"). The Liberty Loans were made to borrowers Brian Bement, Gloria Ramirez and Richard Root. The loan officer on the Bement loan was Janae Smith. Ms. Smith is a resident of Washington state and is currently employed as a loan officer for Security National Mortgage Company in Kirkland, Washington. Attached hereto as Exhibit "G" is a true and correct copy of the NMLS printout regarding Ms. Smith's employment status. The loan application for the Bement loan indicates that the borrower is a resident of Washington state. The Complaint alleges that the Bement loan contained misrepresentations regarding the borrower's debts, income, employment and occupancy. The loan application for the Ramirez loan indicates that it was originated by loan officer Ruben Mendez. Guild is currently

unable to locate any information regarding Mr. Mendez. The loan application for the Ramirez loan states that the borrower is a resident of Nevada. The Complaint alleges that the Ramirez loan contained misrepresentations regarding the borrower's income, employment and occupancy. The loan application for the Root loan states that the loan officer was Jeff Hase. Both Mr. Hase and the borrower are residents of Anchorage, Alaska. Attached hereto as **Exhibit "H"** is a true and correct copy of a printout from the NMLS database showing that Mr. Hase is currently employed by Denali Federal Credit union in Anchorage, Alaska. The Complaint alleges that the Root loan contained misrepresentations regarding the borrower's debts.

8. Guild has never done business in the state of New York and has no contacts with the state of New York other than this lawsuit. Guild has done business in the states of California, Washington and Arizona. Attached as **Exhibit "I"** is a true and correct copy of a printout from the NMLS website showing all of the branch locations and states in which Guild does business.

9. As stated above, in or about March 2008, Guild purchased certain assets of Liberty related to its loan production operations. I participated in the due diligence concerning the purchase of the Liberty assets, and obtained an understanding of Liberty's prior business operations. All of the Liberty Loans were processed and funded by Liberty prior to the date that Guild purchased certain assets of Liberty. The former principals of Liberty, Charles Nay and Barry Horn, are currently employees of Guild and reside in the state of Washington. Under the asset purchase agreement, Liberty maintained all liability for loans originated prior to the asset purchase, including the Liberty Loans. Guild has not been determined to be a successor in interest to Liberty and it denies that it has successor liability for the Liberty Loans under any legal theory.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that this declaration was executed on August 7, 2017.


Terry Schmidt